



AUDIT EXPECTATIONS DURING ORGANIC INSPECTIONS

Guidance

Inspection audits are an important tool for preventing fraud and ensuring sufficient recordkeeping to verify organic integrity.

DEFINITIONS

- **Mass Balance (In/Out) Audit-** An audit to demonstrate that enough organic ingredients or products were purchased, produced, harvested, or managed (livestock) to equate to the final product during the audited time period.
- **Trace-Back Audit-** An audit to demonstrate that an organic product can be traced back to its field of origin or supplier using documented linking elements, such as lot numbers, invoice numbers, etc.

ADDITIONAL INFORMATION

EXPECTATIONS

Your operation's recordkeeping system must be described fully in your OSP. The accuracy of the OSP will be verified and updated, if applicable, by the inspector during the inspection. During your inspection, two audits will be conducted: the mass balance audit and the trace-back audit (described below). If either of these audits are unsuccessful, it is at the discretion of the inspector to attempt an additional audit. Diagrams of suggested record keeping for audits can be found on second page of this guidance.

AUDIT DESCRIPTIONS

The intent of the mass balance audit, also called the "in/out" audit, is to demonstrate that sufficient organic ingredients or products were purchased, manufactured, harvested or managed (livestock) to equate to the reported quantity of final product during the audited time period. This audit encompasses a window of time (sales quarter, growing season, etc.).

The trace-back audit is intended to demonstrate that an organic product can be traced back to its origin in the operation. The inspector will select a product, which could include livestock or finished goods, and attempt to follow its trail of production by linking elements on the operation's records and documents (herd health records, lot number, invoice numbers, etc.). They must be able to verify that the product (or ingredients or animal) can be reconciled with the products produced/received on the operation.

DURING YOUR INSPECTION

Scope and focus of the audits will be at the discretion of the inspector unless otherwise instructed by PCO. The audit portion of your inspection will be most efficient if your records are current and complete prior to your inspector's arrival. Please contact your PCO Certification Specialist with any concerns or questions about your recordkeeping system and the audit process.

The following diagram depicts a potential recordkeeping system that would be used to perform the traceback and in/out balance audits (described on the previous page) during the inspection. This includes verification of acceptable organic management practices, inputs and products. Additional activity records not depicted in the below diagram may be required based on the practices of the operation.

